

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2942 - SB 3005

March 5, 2010

SUMMARY OF BILL: Requires an insurer to pay the cost of a substituted covered procedure towards the cost of a non-covered procedure if the patient pays for the difference.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Exceeds \$1,100,000

Increase Local Expenditures – Exceeds \$100,000*

Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation could result in an increase in the cost of health insurance premiums estimated to exceed \$100,000.

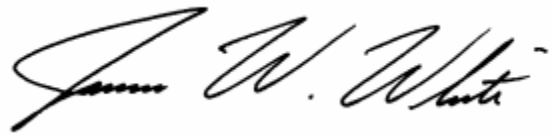
Assumptions:

- According to the Department of Finance and Administration, the state sponsored public sector plans do not collect data on claims processing activity that would indicate the frequency and scope of medical treatment and expenses that are determined as not eligible for benefits. The actual impact of the proposed legislation would be dependant upon the number and magnitude of the claims which are partially paid which result in no benefit payments. It is reasonably estimated that any increase would exceed \$100,000.
- Local governments not participating in the state sponsored public sector plans will incur an increase in expenditures estimated to be similar to that of the state plan resulting in an increase in expenditures exceeding \$100,000.
- TennCare managed care organizations (MCOs) will have to reimburse a service that is not covered by TennCare or is not medically necessary. Neither is allowed by federal law or the waiver and will not receive federal reimbursement.
- The program will incur an increase in prior authorizations and will have to modify electronic claim handling system to allow manual payments for non-standard claims. While the exact cost to the TennCare program cannot be determined it is reasonably estimated any increase in expenditures will exceed \$1,000,000.
- The Department of Commerce and Insurance will be responsible for the administration and enforcement of the provisions of the bill.

- The Department will review and approve forms, policies, certificates, and contracts to ensure compliance and investigate any complaints from providers and insureds regarding services not being adequately covered. Any cost can be accommodated within existing resources without an increased appropriation or reduced reversion.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized initial "J".

James W. White, Executive Director

/kml